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TAGS: [PARM](#) [MTCRE](#) [PREL](#) [MNUC](#) [ETTC](#) [CH](#) [IR](#)

SUBJECT: (C) IRAN, NORTH KOREA, AND SYRIA NONPROLIFERATION
ACT -- NOTIFICATION OF SANCTIONS AGAINST THREE CHINESE
ENTITIES

Classified By: EAP DAS JOHN NORRIS. Reasons 1.4 (b), (d),
and (h)

11. (U) This is an action request.

12. (S) Action Request: The United States will announce
in the Federal Register on Wednesday, October 22
the imposition of sanctions under the Iran, North
Korea, and Syria Nonproliferation Act (INKSNA).
Thirteen entities in eight countries will be
included. Three Chinese entities, China Xinshidai
Company, China Shipbuilding and Offshore
International Corporation LTD (CSOC), and Huazhong
CNC, will be among those sanctioned. Post is
requested to pre-notify the PRC Government in advance
of the publication of the sanction against these
entities, making clear that the sanctions apply
only to the designated entities, not the Chinese
government. Post should draw from the talking points
in paragraph 5. Talking points also may be
provided as a non-paper.

13. (S) Background: The Iran, North Korea, and
Syria Nonproliferation Act (INKSNA) requires
periodic reports to Congress identifying foreign
entities for whom there is credible information
indicating that they have transferred to or acquired
from Iran, North Korea or Syria goods, services,
or technology on multilateral control lists
(Australia Group, Chemical Weapons Convention,
Missile Technology Control Regime, Nuclear Suppliers
Group, and the Wassenaar Arrangement) or certain
other items with the potential to make a material
contribution to WMD development or missile programs.

14. (U) The USG determined that the following
entities: China Xinshidai Company, China
Shipbuilding and Offshore International
Corporation LTD (CSOC), and Huazhong CNC, have
engaged in activities, as noted above, that
warrant the imposition of measures pursuant to
Section 3 of the INKSNA. These cases have not been
raised previously with the Chinese Government. End
Background.

15. (S//REL CHINA) Suggested Talking Points:

-- We have regularly advised the Government of
China of the requirements and potential effects of
U.S. sanctions laws.

-- The Iran, North Korea, and Syria
Nonproliferation Act (INKSNA) requires periodic
reports to Congress identifying foreign entities
with respect to whom there is credible information
indicating they have transferred to or acquired
from Iran, North Korea or Syria goods, services,
or technology on multilateral control lists
(Australia Group, Chemical Weapons Convention,
Missile Technology Control Regime, Nuclear Suppliers
Group, and the Wassenaar Arrangement) or certain
other items with the potential to make a material
contribution to WMD development or missile programs.

-- The United States has determined that there is credible information indicating that China Xinshidai Company, China Shipbuilding and Offshore International Corporation LTD (CSOC), and Huazhong CNC transferred to countries covered under the Act items on a multilateral control list, or other items that have the potential to contribute materially to WMD development or missile programs.

-- Based on these transfers, we have imposed certain measures against these entities as provided in the INKSNA.

-- Accordingly, pursuant to the provisions of the INKSNA, the following measures are imposed on these entities, and their successors, subunits, and subsidiaries:

a. No department or agency of the United States Government may procure, or enter into any contract for the procurement of any goods, technology, or services from them;

b. No department or agency of the United States Government may provide any assistance to them, and they shall not be eligible to participate in any assistance program of the United States Government;

c. No United States Government sales to them of any item on the United States Munitions List are permitted, and all sales to them of any defense articles, defense services, or design and construction services under the Arms Export Control Act are terminated; and

d. No new individual licenses shall be granted for the transfer to them of items, the export of which is controlled under the Export Administration Act of 1979 or the Export Administration Regulations, and existing such licenses are suspended.

-- These measures will take effect shortly and will remain in place for two years.

-- These sanctions apply only to the designated entities, not the Chinese Government.

-- This determination, as well as determinations against entities from seven other countries, will be published soon in the Federal Register of the United States.

-- We would like to stress that in determining whether to impose INKSNA sanctions, the USG considers all relevant information.

End suggested talking points

18. (U) Please slug any reporting on this issue for VCI/FO and EAP/CM. A response is requested as soon as possible. Department point of contact is Stephen Tomchik, VCI/FO, 202-647-1192 (tomchiks@state.sgov.gov).
RICE

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End Cable Text